



PERSON COUNTY

FINANCE OFFICE

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September 22, 2014

Director, Fiscal Research Division
North Carolina General Assembly
Suite 169
Legislative Office Building
300 N. Salisbury Street
Raleigh, North Carolina 27603

Ladies and Gentlemen:

Re: Proposed Installment Financing Agreement for the acquisition and improvements of the Person County Recycling Center and the replacement of roofing for School and County facilities in the amount of \$2,360,000

The County of Person has filed an application with the Local Government Commission for approval of an installment financing agreement as authorized by to G.S. §160A-20. The Preliminary Resolution passed by the Board of Commissioners on August 4, 2014 included the provision that the installment financing agreement will not exceed \$2,500,000 to finance the acquisition and improvements of the Person County Recycling Center and re-roofing construction to Earl Bradsher Preschool and the Kirby Civic Auditorium. It is being proposed that Earl Bradsher Preschool be held as security collateral since it was the largest facility to re-roof and its value was more than sufficient to hold for all of the other facility improvements included in the project.

The acquisition cost of the Person County Recycling Center was \$852,704. Estimated re-roofing engineering, construction and other improvements to this facility is \$566,321. The re-roofing engineering and construction is estimated to be \$547,388 for Earl Bradsher Preschool and \$335,562 for the Kirby Civic Auditorium. It is anticipated that issuance costs will be around \$60,000 as trended against other past projects of this size. The County has set aside contingency funds for \$30,000 that will be available for possible project bid overages and any other unforeseen costs. The terms offered by the recommended lender (BB&T) include a fixed tax-exempt and bank-qualified interest rate of 2.8% for a 15 year period. The County will repay this debt from monies in its General Fund, but an increase in taxes to fund the repayment of this debt

is not anticipated, and the County's current debt structure has been determined to be sound and sufficient to support this additional debt. Person County is scheduled to make the last payment of \$2.286M in the current fiscal year on the 2008 Refinancing debt for schools built in 1999 and 2000. This large reduction in debt and the availability of low interest rates provides a suitable environment for taking on additional debt as is being proposed. The current property tax rate is \$0.70 per \$100 of assessed value and has been so since 2008. Person County maintains an A1 bond rating from Moody's and an AA- from Standard and Poor's. The County's good credit ratings, along with favorable interest rate conditions have provided the ability to keep interest costs low when the County issues debt.

A public hearing was held on September 22, 2014 to receive citizens input on whether the Board of Commissioners for the County should approve a proposed installment financing agreement on the project that is subject of this letter. No citizens spoke for or against, and the Board of Commissioners voted to proceed with the financing subject to the Local Government Commission's review and approval.

If you need any additional information, please contact me at (336) 330-2210 or by email at amyw@personcounty.net.

Sincerely,



Amy Wehrenberg
Finance Director